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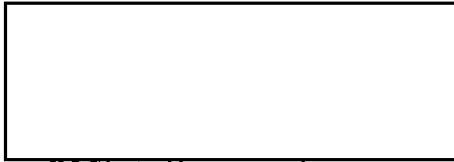
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USSR

1. Postponement of Moscow Economic Conference designed to attract more Western support:

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The American Embassy in Moscow believes that the sponsors of the International Economic Conference, now postponed to April 1952, hope it will contribute to relaxing Western trade restrictions. According to the Embassy, the recurring postponements of the meeting probably indicate Soviet appreciation that the conference could not score more than propaganda gains unless it included more representative elements than so far obtained. Evidently the USSR still hopes to attract more non-Communist businessmen and specialists who are anxious to restore economic ties with the Soviet Orbit.

Comment: Concern has been expressed that non-Communist attendance at the conference would in fact result in increased public pressures on Western governments to allow shipment of critical items.

FAR EAST

2. Japan's attitude toward China disclosed:

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The Japanese Government believes that negotiations for a peace treaty with the Chinese Nationalist Government should be delayed until after the multilateral treaty comes into force, according to the Vice Minister of Foreign Affairs. He pointed out that Prime Minister Yoshida desired to "do everything possible not to antagonize the UK and Commonwealth Governments prior to their ratification of the peace treaty," but left the impression that the Japanese would be receptive to an early Chinese Nationalist approach for exploratory negotiations.

The Vice Minister also strongly reaffirmed that the Japanese Government has no intention of concluding a bilateral peace treaty or establishing relations of any kind with Communist China.

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Comment: This is the first time that Japan's policy regarding a peace treaty with Nationalist China has been clarified. Prime Minister Yoshida's careful circumlocution of this question in the Diet led to some speculation that Japan would seek to work out a modus vivendi with both Chinese regimes.

Under considerable pressure from industrial interests not to prejudice future trading prospects with the Communists, but at the same time cognizant of the need for Japan to parallel US policy on China, the Japanese Government probably will be receptive to the conclusion of a treaty with the Nationalists which would extend only to the territory and people now under Nationalist control.

NEAR EAST

3. Iranian Government opens propaganda campaign against Tudeh:

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[REDACTED] Prime Minister Mossadeq and the Shah have ordered a coordinated anti-Tudeh campaign by press and radio. Local newspapers are reportedly to be subsidized by the Shah. The Acting Director of the Department of Press and Propaganda, who gave this information to the US Embassy in Tehran, added that the Shah is "most concerned" and Prime Minister Mossadeq "very worried" over increased Tudeh activities. The campaign was opened by a Radio Tehran broadcast on 5 November which the Embassy found ambiguous and watered down; portions were as much anti-AIOC as anti-Tudeh.

Comment: The broadcast referred to appears to be typical of the attitude adopted by the National Front towards Communism. Although most responsible Iranians realize the real threat presented by the Tudeh, many Iranians under-estimate the danger and the Nationalists, unable to see this threat, are unwilling to take drastic action against the Communists as long as they do not become too unruly.

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4. New statement issued on principles of Middle East Command:

25X1A [REDACTED] The three Western powers and Turkey are releasing on 10 November an 11-point statement indicating their intention to proceed with the establishment of a Middle East Command. The statement outlines the principles on which the Command is predicated, inviting all interested states individually to associate themselves with it. Members of the Command will be offered equipment "to the extent possible." The sponsoring powers specifically state that the Command will in no way affect existing agreements and that organizational changes and adjustments in the Command may be made as needed.

Comment: While the four sponsoring powers do not expect any substantial Arab support for the Middle East defense plan at this time, this general statement of principles should encourage those officials in the Arab world who have privately expressed concern over the inherent military weakness of the area.

Serious difficulties, nevertheless, face the eventual implementation of these principles. While many Arab leaders have sharply criticized Egypt's precipitous rejection of the Middle East Command proposals, these same officials do not have the courage to oppose Egypt in public on this issue, or to break the formal united Arab front.

WESTERN EUROPE

5. British believe German NATO candidacy must be deferred:

25X1A [REDACTED] A senior Foreign Office official, confirming the British Government's opinion that Germany should eventually be admitted to NATO, has indicated that his government now feels that German admission may have to be put off for some time. He emphasized that a "dramatic" German entrance now might cause "serious trouble" with the Russians, and quoted Foreign Secretary Eden as saying that it was inadvisable to consider German membership until after contractual relations are signed and a European Defense Force is set up.

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[REDACTED]

Comment: This attitude is in line with Prime Minister Churchill's general faith in the feasibility of East-West negotiations and his desire to avoid any actions now which might disturb the atmosphere for top-level talks. Churchill has also referred specifically to the question of German rearmament as a possible lever to be used in such negotiations.

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